

## FISCAL NOTE

TO: Chief Clerk of the Senate  
Chief Clerk of the House

FROM: James A. Davenport, Executive Director

DATE: March 19, 1996

SUBJECT: **SB 3137 - HB 3003**

This bill, if enacted, will:

1. eliminate the requirement of registering an indefinite amount of securities by an open-end investment company or a unit investment trust and instead require a registration statement relating to a security issued by such entities to specify an indefinite amount of securities to be offered in this state.
2. require any amendment to a registration statement which changes the name of the offering to pay a \$50 processing fee payable upon the amendment's filing.
3. increase the penalty for violating the Tennessee Securities Act or any rule or order of the commissioner from a Class E to a Class D felony.
4. revise present law relative to civil liabilities.
5. authorize the Commissioner to impose a fine of \$5,000 upon the issuer of such securities for all violations arising from any single transaction in any case in which the commissioner is authorized to issue a stop order denying, suspending, or revoking the effective registration of the securities of an issuer.

The fiscal impact from enactment of this bill is estimated to be an increase in state expenditures of \$4,831 for incarceration\*. This estimate is based on one conviction serving an additional 109 days at a cost of \$44.32 per day.

Enactment of this bill is also estimated to result in a not significant increase in state revenues from the collection of fees for name changes and the collection of fines imposed for violations.

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

*\*Section 9-6-119, TCA, requires that: For any law enacted after July 1, 1986, which results in a net increase in periods of imprisonment in state facilities, there shall be appropriated from recurring revenues the estimated operating cost of such law.*